USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/13/2007

GAIN Report Number: SF7008

South Africa, Republic of

Retail Food Sector

Supermarket expansion in South Africa and Southern Africa: Distribution and procurement practices of four supermarket chains

2007

Approved by:
Scott Reynolds
South Africa

Prepared by:
Chase Winter

Report Highlights: Since the end of apartheid, South Africa and Southern Africa have experience rapid growth in supermarkets led by Shoprite, Pick'n Pay, SPAR, and Woolworths, which are the focus of this report. In addition to explaining the factors behind this growth, this report gives detailed information about the procurement, distribution, and import practices of the dominant players that will be helpful to U.S. food producers looking at the South African market.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1]
[SF]

Table of Contents

Section I. Executive Summary

Since the end of apartheid, South Africa has experienced a rapid expansion of corporate supermarket chains. The factors behind the growth of supermarkets relate to changing social and economic conditions in South Africa that have transformed the way people buy food. The rising incomes of black South Africans means supermarkets are not just vying for market share among the affluent, but also moving in to capture market share among the lower to middle-income segments of the population. Moreover, the growth of supermarkets in South Africa has been parallel to their expansion into the rest of Africa, where Shoprite, Pick'n Pay, SPAR, and Woolworths have all established a presence.

The South African supermarket leaders covered in this report—Shoprite, Pick'n Pay, SPAR, and Woolworths—have a combined revenue of R 102 billion ($14.5 billion) of total South Africa grocery retail sales of approximately R 157 billion ($22.4 billion) in 2006. By 2010 total South African grocery retail sales are expected to be R 208.4 billion ($29.8 billion). The expansion and concentration of the supermarket sector in South Africa presents an opportunity for U.S. food producers, which have yet to capitalize on this growing market.

The expansion of supermarkets has led to a corresponding complexity in the sourcing and distribution practices of the major chains, in both South Africa and Southern Africa, with strong implications for food markets. U.S. food producers will need to understand the changing procurement and distribution practices of the major supermarket chains in order to reach the South African consumer.

Section II. Introduction to Supermarkets in South Africa

Since the first multi-racial democratic elections signaling the end of apartheid in 1994, the dynamics of food retailing have changed rapidly, and with it, the distribution and procurement practices of supermarkets. South African supermarkets, no longer inhibited from expansion into formerly segregated areas, began moving into townships and previously underserved areas in an effort to increase market share and tap the lower income segment of the market. The new trend is 'supermarkets for the poor,'-"the diffusion and extension of supermarkets away from being mere luxury top-end niches to being mass market merchandisers."[1]

Rapid urbanization and increasing disposable income, particularly with the increasing size of a black middle-class, are the primary drivers behind the rapid rise of supermarkets in South Africa. Shopping center development, increased car use, more working women, government investment in infrastructure and mass housing, in addition to rising population densities are factors contributing to the proliferation of supermarkets. The average distance of a supermarket from a South African's residence has decreased to only 1.7 kilometers.[2]

Supermarkets account for approximately 55% of national food sales in South Africa, but make up only two percent of all food retail outlets.[3] The remaining market share is held by wholesalers, traditional *spazas*, tuck shops, and mom and pop stores. There is also great concentration within the supermarket retail sector with Pick'n Pay, Shoprite, SPAR, and Woolworths having a combined revenue of R 102 billion ($14.5 billion), of total South Africa grocery retail sales of approximately R 157 billion in 2006 ($22.4 billion).[4] As shown in Figure 1**,** sales growth in the grocery retailers is anticipated to increase from the past's already robust numbers. Given growth potential and the concentration of supermarkets, there is great opportunity for U.S. food producers to supply to this growing market.

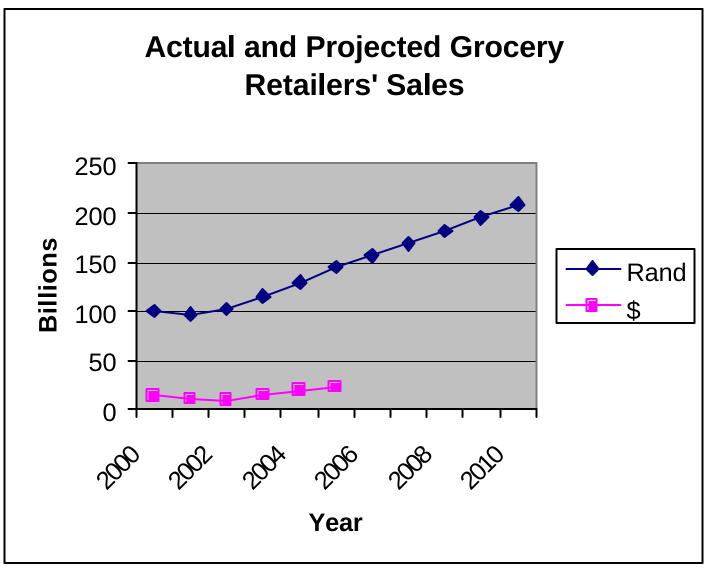


Figure 1[5]

---

[1] Weatherspoon, Dave D. Reardon, Thomas. "The Rise of Supermarkets in Africa: Implications for Agrifood Systems and the Rural Poor." Development Policy Review, 2003, 21 (3): 333-355.
[2] According to Stephen Meister, Managing Editor of Supermarket and Retail Magazine.
[3] Weatherspoon and Reardon.
[4] Euromonitor. "Retailing-South Africa." Euromonitor International: Country Market Insight, January 2007.

[5] Euromonitor. "Retailing-South Africa." Euromonitor International: Country Market Insight, January 2007.

Unlike Latin America or Asia, where supermarket expansion over the last two decades has been driven by foreign multinationals moving into new markets, supermarket expansion in South Africa has been dominated by local firms seeking greater market share. In countries like China, for example, with antiquated distribution channels, multinationals were able to leapfrog and cut prices in order to establish themselves in the market. South Africa on the other hand developed a modern supermarket sector early on, which effectively prevented foreign multi-nationals from moving into an already highly competitive market. To this day no non-South African supermarket chains operate in South Africa. In fact, South African firms are leading the supermarket investment drive into the rest of Africa.

Expansion within Africa

Having begun to saturate sales growth in South Africa, South African retailers such as Shoprite, are leading the drive into the untapped African market. In the African market South African retailers can often obtain higher profit margins, but this is not the only factor driving expansion north. A secondary motive for expanding into African markets is to obtain a first-mover advantage, effectively preempting other South African competitors, the development of indigenous retailers, and the establishment of foreign chains.

South African retailers like to standardize their stores outside of South Africa, replicating what they have mastered in South Africa.[6] However, they must also make adjustments to local preferences and price behavior. Whereas a supermarket chain may cater to the lower-income segment of the market in South Africa, in some African countries the same chain may attract the middle to upper-class market.

The drive into the African market comes with associated risks and costs such as the development of long supply chains, currency volatility, and developing local procurement from scratch.[7] Local procurement has proven difficult for most food retailers due to the lack of local suppliers who can meet supermarkets' demands for quantity, quality, and timeliness. While most food retailers say their first priority is to source locally, the fact is this often proves difficult and costly, if not impossible for certain food lines. Instead, the vast majority of dry foods and fruit and vegetables (F&V) are sourced from South Africa, highly perishable F&V lines like lettuce being the exception. Despite the long hauls and border crossings it is often cheaper for food retailers to source from South Africa where distribution channels already exist and supplies are reliable and of higher quality.

Border crossings and non-tariff barriers (NTBs) remain a persistent problem for South African supermarket chains as they distribute products to their non-South African stores. At some border crossings supermarket chains make use of third party agents that help facilitate the distribution of goods. Yet, as the supermarket specific cases below will show, there remain considerable restrictions on the import of food items from South Africa—dairy products in Botswana for example.

In their expansion north, South African corporations, supermarket chains included, have experienced claims of South African corporate imperialism. Some African governments' representatives and sectors of the population have accused supermarkets of procuring goods from South Africa instead of from local suppliers, undermining farmers, manufacturers, and

---

[6] Games, Dianna. "The experience of South African firms doing business in Africa." The South African Institute of International Affairs. Business in Africa Research Project. 2004.
[7] Weatherspoon, Dave, D. Ross, Anthony. "Designing the last mile of the supply chain in Africa: Firm Expansion and Managerial Inferences from a Grocer Model of Location Decisions." International Food and Agribusiness Management Association, May 1, 2006. <http://www.ifama.org/conferences/2006conference/SymposiumFinal/1033_Paper.pdf>

less competitive supermarkets. As one Zambian who owns a grocery shop in Lusaka complains, “the coming of Shoprite to Zambia has disadvantaged us because they buy goods directly from producers while we purchase ours from wholesalers. This tends to make our prices higher, and puts us out of business.”[8] Yet Pick’n Pay’s deputy chairman David Robbins counters that “ we do create employment, and we do improve infrastructure and we do lower prices.”[9] In order to manage these perceptions South African supermarkets are trying to be seen supporting local products and developing rapport with local communities, although with mixed success.

Imports

South Africa has a modern industrial base and is largely food self-sufficient with the exception of wheat, rice, and oilseeds. It also has favorable weather making it a particularly strong fruit and vegetable producer. The combination of these factors reduces the need of supermarkets to import food items. In fact, South African supermarkets are exporting their product lines into the rest of Africa and importing less than 1% of their food products from the rest of Africa.

Despite South Africa’s food self-sufficiency South African supermarket chains find it necessary to import fruit and vegetables in order to adjust to seasonality and provide their customers with unique products that do not grow in South Africa. Supermarket chains source out of season produce from around the world either directly or by using third party importers. However, none of the supermarkets examined in this report import a single F&V product from the United States.[10] Factors that influence the United States’ minimal penetration of the F&V market in supermarkets relate to distance, cost, and South African trade barriers. Concerning the later point, a couple of the supermarket chains showed interest in U.S. products, namely apples, but were effectively prevented from importing due to NTBs. By April 2007, South Africa is expected to present a proposed protocol to USDA/APHIS for the importation of U.S. apples from the Pacific Northwest.

South African supermarkets source a very small amount of processed goods from the United States. South African food manufacturers are highly competitive vis-à-vis U.S. food producers limiting the scope of market expansion. Moreover, a number of U.S. based multi-nationals have operations in South Africa precluding the need to import from the United States. Nonetheless, there are market opportunities for U.S. exports of manufactured foods. This report will examine strategies to help facilitate the penetration of U.S. products into supermarket distribution channels.

Figure 2 offers a simplistic view of the three main channels by which U.S. exports can enter supermarket distribution channels. However, since each of the four supermarket chains examined in this report has different import practices their subsections below should be examined for details. U.S. exports can enter supply chains via specialized third party importers, supermarket chains, and wholesalers.

Supermarket chains utilize third party importers to facilitate the purchase of imported goods that an importer markets on a continuing basis and to place an order with an importer for a product of particular demand. Despite the fact that importers cut into profit margins, some

---

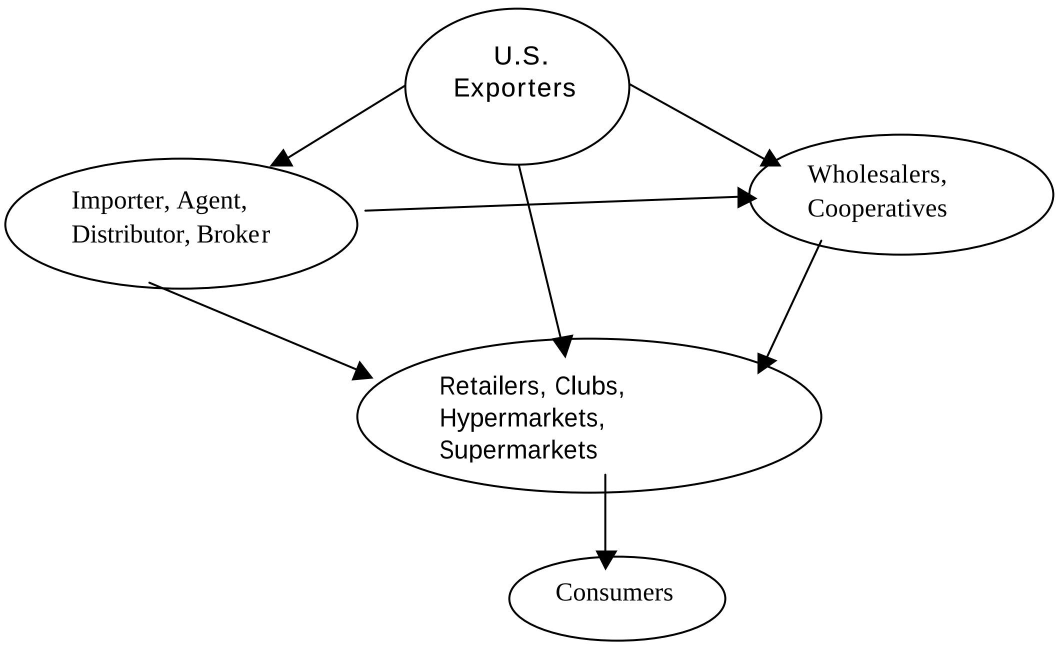
[8] International Herald Tribune. “South African Firms Seen as “Imperialists.” Reuters. 10/9/2006. <http://www.iht.com/bin/print_ipub.php?file=articles/2006/10/09/business/safrica.php>

[9] Schatz, Joseph. “South Africa’s firms trigger backlash in region.” Christian Science Monitor. 9/26/2006. <http://www.csmonitor.com/2006/0926/p04s01-woaf.htim>

[10] Total U.S. Exports of F&V to South Africa was only $105,000 in 2006. Exports of process F&V faired considerably better at $4.1 million. Source: FAS BICO Report.

supermarket chains (i.e. Pick'n Pay) that do not have prominent in-house import departments use third party importers extensively. The advantage of third party importers is that they may already have an understanding of foreign markets that the supermarket chains lack. In addition, importers tend to handle large shipments, as opposed to costly low volume imports, and they can sell to multiple retailers. Thus, supermarket chains can purchase from importers and not have to deal with the overhead costs of storing large quantities of imported goods at their distribution centers. For example, Woolworths limits its storage of dry-goods to a maximum of ten days because of the associated costs of storing an item. This is obviously a challenge for U.S. exporters wishing to supply Woolworths directly.

Figure 2



U.S. exports can also enter supermarket chains by dealing directly with the supermarket chains' headquarters themselves. Due to the high transportation costs associated with importing from the United States there may be opportunities for U.S. manufacturers to deal directly with supermarkets, thereby cutting out the margins taken by middle-men. This strategy may help to alleviate concerns relating to transportation costs and make U.S. products more competitive vis-à-vis comparable producers. This strategy is best suited for supermarket chains that have import departments such as Shoprite, SPAR, and Woolworths. However, many supermarket chains do not have great understanding of the U.S. market. U.S. producers will need to do a lot of work to market products and correlate that with the supermarket chains' existing customer profile.[11] Lastly, another challenge will be to price the goods appropriately and ensure sufficient volume to make it worthwhile for the supermarket chains.

While not explicitly covered in this report since wholesalers rarely supply the four corporate supermarkets chains of interest, wholesalers are the third avenue by which U.S. exporters can enter the South African food retail market. Wholesalers typically sell to smaller non-chain supermarkets, hotels, restaurants, tuck shops, hawkers, spazas, and mom and pop stores. The advantage to U.S. exporters supplying wholesalers is that the large volumes ensure economies of scale that can make exporting profitable.

[11] Advice given by FAS industry contacts at Woolworths

Pros and Cons of U.S. Food Producers Exporting through the Alternative Distribution Channels

Third party importer, agent, distributor, broker	Supermarkets	Wholesalers
Pros Knowledge of U.S. Market Some supermarket chains import predominantly via third parties Can deal in large quantities as well as small quantities that supermarket chains might not want to handle Low overhead costs for supermarkets Sell to multiple retailers **Cons** Cut into profit margin of supermarkets May make U.S. exports more costly at point of sale	**Pros** Dealing with HQs reduces cost of middle-men, potentially reducing expenses to the supermarket SPAR, Woolworths, and Shoprite all have prominent import divisions Have interest in procuring U.S. exports directly from manufacturer **Cons** Pick'n Pay primarily imports through third parties Supermarket chains do not have a great understanding of U.S. market Supermarkets may be hesitant to import high volumes of product due to overhead costs Require U.S. manufacturer to market product	**Pros** Deal in large volumes U.S. product lines can enter non-supermarket chain food retail sector **Cons** The four supermarket chains detailed in this report do not typically source from wholesalers

Section III. The Market

Due to a number of historical and economic factors South Africa has one of the world's highest levels of income inequality. This separates the South African market into what can be classified as modern consumers and marginalized consumers, with implications for the actual consumer base for U.S. food products. In South Africa, the classification used to segment the consumer population is the living standard measurement (LSM), which breaks down the South African consumer into ten market segments based on income.

As the table below indicates, 68 percent of South Africa's population (Emerging and established consumers) account for 94.1 percent of total household cash expenditure. This same group tends to shop at the major retailers once or more per week and is concentrated primarily in the urban areas of Guateng and Western Cape. It is the emerging and established consumers who represent the target market for U.S. food products, but especially the established consumer. As incomes increase in South Africa among the emerging sector, their increasing buying power will represent a fertile market for U.S. food products.

SUMMARY PROFILE OF SA CONSUMER MARKET

Description	Marginalised consumers	Modern consumers: Emerging	Modern consumers: Established
Proportion of SA population**	31.80%	42.70%	25.50%
SU-LSM classification***	SU-LSM 1 - 3	SU-LSM 4 - 6	SU-LSM 7 - 10
Average monthly household income**	SU-LSM 1: R905 SU-LSM 2: R1094 SU-LSM 3: R1417	SU-LSM 4: R1870 SU-LSM 5: R2405 SU-LSM 6: R4207	SU-LSM 7: R6456 SU-LSM 8: R9247 SU-LSM 9: R11958 SU-LSM 10: R19955
Unemployment****	46% - 42%	36% - 27%	19% - 4%
Rural proportion of group**	100% - 69%	44% - 9%	5% - Insignificant
Education level**	23% No schooling ……………………………………………… 40% Postmatric qualification		
Main provincial location**	KwaZulu-Natal, E Cape, Limpopo	Gauteng, W Cape, KwaZulu-Natal	Gauteng, W Cape
Contribution to Fast Moving Consumer Goods (FMCG) spend***	22%	37%	41%
Retail shopping frequency***	2.5 times / month	4 times / month	9 times / month
Typical purchase location***	Smaller independent stores	Major retailers	Major retailers
Share of total SA household cash expenditure*****	5.9%	28.8%	65.3%

** Source: SAARF (2005a) *** Source: ACNielsen (2005b) **** Percentage of consumers classifying themselves as unemployed, but seeking work ***** Martins (2006)

12

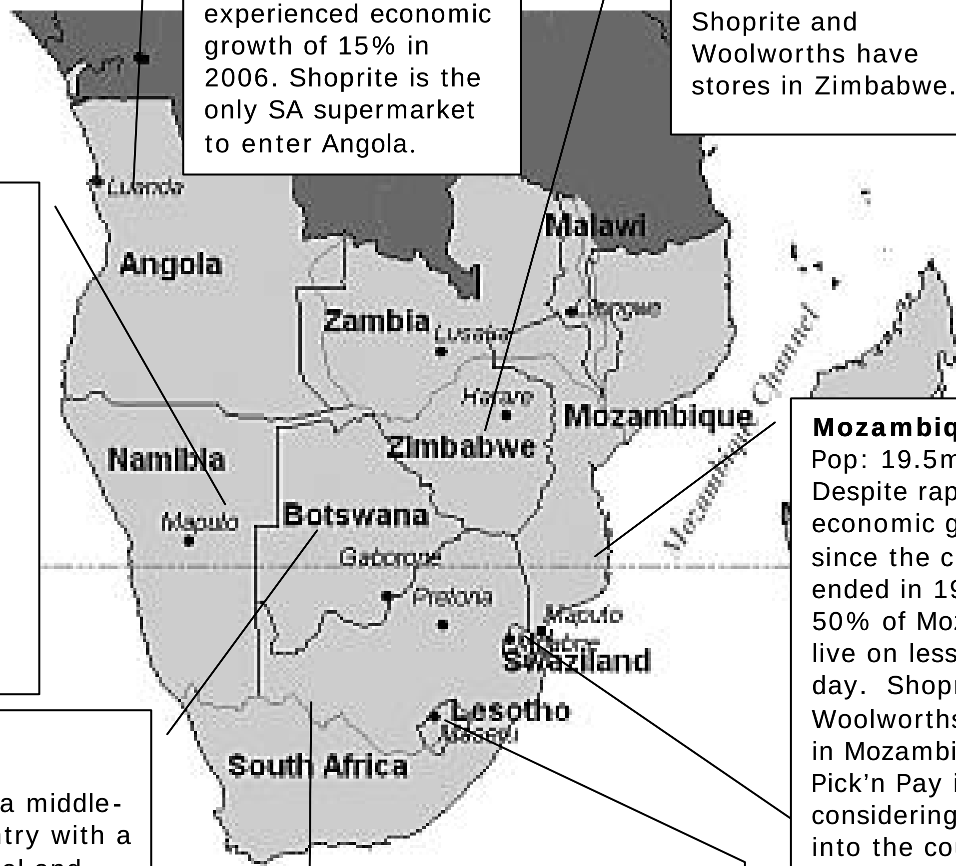
Breaking it down further reveals that the established consumer represents 25.5 percent of South Africa's population, or a little over twelve million people. This group is concentrated around the economic centers of the country--Guateng and the Western Cape—and represent an amazing 65.3% of total household cash expenditure. Similar to their American counterparts, the established group shops at major retailers nine times per month. Given their much higher incomes the established group represents a target group for U.S. food products. Groups with higher incomes tend to be less price sensitive and willing to pay a little more for quality imported products. The established group is the primary customer base of Woolworths and Pick'n Pay, as well as some SPAR stores.

Lastly, marginalized consumers represent nearly 32 percent (15 million people) of the South African consumer market. Since this group is poor and located predominantly in rural areas that are underserved by supermarket chains, there are very few opportunities for U.S. food products to enter this market.

[12] Many thanks to Professor Andre Louw of the Department of Agriculture and Rural Development, University of Pretoria for this information. <http://www.up.ac.za/academic/ecoagric/pdfs/spsacm.pdf>

Angola:
Population: 14.5m
Based off the oil sector and the end of 27 years of civil war in 2002, Angola experienced economic growth of 15% in 2006. Shoprite is the only SA supermarket to enter Angola.

Zimbabwe:
Pop: 13m
Zimbabwe is experiencing economic collapse and a political crisis. Shoprite and Woolworths have stores in Zimbabwe.



Namibia:
Pop: 2 m
Namibia is sparsely populated with high income inequality. All four supermarket chains covered in this report operate in Namibia.

Mozambique:
Pop: 19.5m
Despite rapid economic growth since the civil war ended in 1992, over 50% of Mozambicans live on less than $1 a day. Shoprite and Woolworths operate in Mozambique. Pick'n Pay is considering a move into the country.

Botswana:
Pop: 1.7m
Botswana is a middle-income country with a stable political and economic environment. All four of the supermarket chains operate in Botswana.

Lesotho:
Pop: 1.7m
Lesotho is a mountainous country that is largely dependent on South Africa for food. The four supermarkets have a small presence in Lesotho, primarily in the capital Maseru.

Swaziland:
Pop: 1.1m
Swaziland is a small, poor country. All four supermarket chains have a presence in Swaziland.

South Africa:
Pop: 48m
South Africa is the economic powerhouse of Africa with a modern economy. High-income inequality, HIV/AIDS, and crime are large problems.

As the map above indicates many of the countries bordering South Africa are sparsely populated and poor, making their potential for U.S. food products minimal. However, since provision of supermarkets outside of South Africa is largely done from South Africa many of the U.S. food products that enter the supply chain may also be found on the shelves of supermarkets outside of South Africa. This is especially true of the supermarket chains like Shoprite and Woolworths with highly centralized distribution and procurement practices. Thus, despite the small market size of the Southern African region, U.S. food producers supplying South African supermarkets may find there to be spillover effects for their products in the countries the South African supermarket chains operate in. However, these markets in and of themselves are not a target market for most U.S. food exporters.

Section IV. Pick'n Pay

There are 706 stores in the Pick'n Pay Group comprising of Score, Boxer, Franklins Australia, TM, and various formats of Pick'n Pay stores—hypermarket, supermarket, and forecourt (attached to a gas station). For the 2006 fiscal year ending June 2006 revenue was R 36.8 billion ($5.25 billion). For the purposes of this report Pick'n Pay refers only to the 323 Pick'n Pay hypermarkets, supermarkets, and forecourt stores in South Africa and the 17 supermarkets outside of South Africa. Pick'n Pay caters to the middle and upper-income segment of South Africa in urban and suburban areas.

F&V

Pick'n Pay has four fresh fruit and vegetable distribution centers in South Africa. The F&V distribution center in Johannesburg provides approximately 235 (plus Score) stores in Gauteng, Free State, Mpumalanga, Limpopo, and Northwest Province with fresh fruits and vegetables seven days a week. Currently, procurement of fresh F&V and dry foods are performed separately. However, a new distribution center (DC) located in Johannesburg combining the two functions will come on line in May.

As for the present Johannesburg F&V DC, the 235 stores place orders with the DC, which in turn consolidates all of the stores' orders into a single buy order. Unlike Shoprite, which has Freshmark as a fresh F&V buying arm, Pick'n Pay's fresh fruit and vegetable procurement is performed in-house.

Pick'n Pay sources its fresh F&V from approximately 200 South African farmers who are part of a preferred supplier scheme. Pick'n Pay provides the farmers with fixed supplier programs detailing the quantity demanded, the quality desired, and the timing when the produce must be ready. Thus, similar to Shoprite, Pick'n Pay works closely with its fresh produce suppliers to develop long-term business relationships that ensure reliable quantity and quality. According to the DC floor manager, once a supplier's main product line is finished for a season Pick'n Pay will always buy their secondary line to help them adjust to seasonality.

Orders are gathered daily from Pick'n Pay stores and consolidated into a buy-order. In the DC, there are ten buyers who buy the consolidated produce from the farmers. Once an order is placed, suppliers must transport the fresh produce to the DC in refrigerated trucks. From the time an individual store makes an order with the DC it can take anywhere from 24-72 hours for the produce to arrive at the supermarket. Unlike Shoprite, which makes use of its own fleet to deliver the produce, Pick'n Pay uses a third party, although the fleet carries the Pick'n Pay logo.

Most of the fresh F&V are sourced from South Africa. Imports make up a very small portion and are chiefly used to supply out-of-season fruits and vegetables. F&V imports are primarily sourced from Spain, Italy, Israel, and Egypt, which are able to supply out-of-season avocados, grapes, oranges, and stone fruits. Imports of F&V are all handled through third-party importers and arrive at the DC in-line with Pick'n Pay's safety standards and packaging. They are ready to ship out immediately as if they were sourced locally. Pick'n Pay does not procure any F&V from the United States, although eight years ago grapes were imported from California.

Dry Foods

The distribution of dry foods runs through two channels, one through a distribution center, and the other by way of direct supply of food products to supermarkets' backdoor by manufacturers. The DC carries primarily imports and Pick'n Pay's house brand while the supplier ships nearly all other goods directly to the backdoor of Pick'n Pay supermarkets. Each store receives shipments from the DC once or twice per week.

Pick'n Pay has a decentralized buying system divided into five autonomous buying regions. Each buying region has a complete set of ten to twelve buyers, each covering multiple product lines, that source for their region and its corresponding distribution center. Pick'n Pay prefers a decentralized buying system in order to cater to the diversity of South Africa's customer profile and in order to respond quickly to customer demand and changing trends.

At the level of the supermarket, sales and store stock are automatically tracked. A computer system provides the store manager with the supermarket's current stock, sales numbers, and an indication of when and how much the supermarket should order from the supplier or DC. Supermarkets are supplied primarily with imported and house brand products from the DC, while the manufacturer supplies most other goods to the backdoor for the price and product type negotiated by the regional buyer. Big companies that deal in high volumes, like Nestle or Coca-Cola, provide shipments using their own transport fleet. However, most suppliers do not provide large enough volumes to stores—delivering just a few cases—that they make use of transport companies to deliver products.

Imports

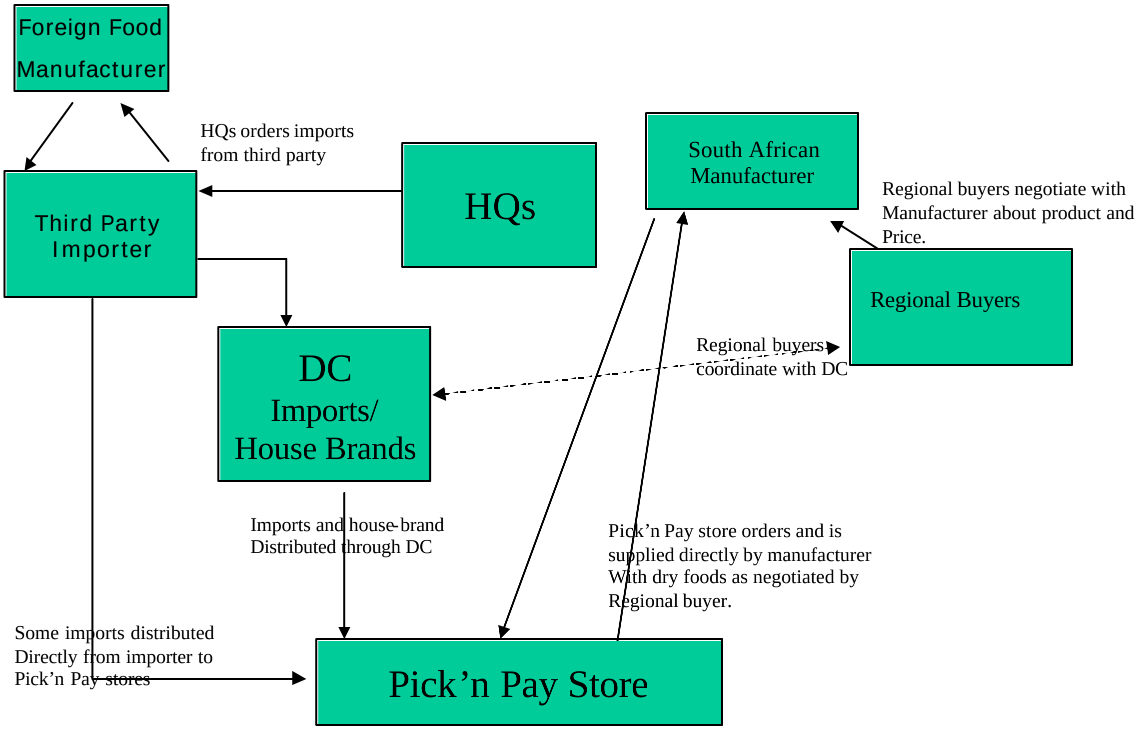
Pick'n Pay uses third party importers (i.e. M&L Importers) for most food imports, although a very small amount is imported directly. Importing is centralized, with the head office placing an order with the importer who then either supplies the DC or distributes to stores directly, following on Pick'n Pay's direct delivery model. As a general policy Pick'n Pay is looking to source as many product lines as possible from South Africa and Africa.[13] Freight costs and the cost of U.S. products were identified as the main reasons for not importing from the United States, despite interest in a number of product lines. Pick'n Pay's main suppliers of dry food imports are Spain, Italy, and the Far East.[14]

Non-RSA

Pick'n Pay has eleven stores in Namibia, three in Botswana, two in Swaziland, and is expected to open a couple of stores in Mozambique in the near future. Stores in Swaziland fall under the Natal buyer, Botswana under the Northern Region buyer, and Namibia under the Western Cape region. Non-RSA stores are supplied three to four times per week from their corresponding regional distribution centers. Approximately, 70% of food items are supplied from South Africa, the remainder—dairy, produce, bakery, some maize meal, country specific preferences etc.—being sourced in- country.

[13] FAS Pick'n Pay Industry Contact
[14] FAS Pick'n Pay Industry Contact

Pick'n Pay's International and Domestic Procurement of Dry-Foods



Section V. Shoprite[15]

Shoprite Holdings Ltd (Shoprite) operates more than 850 stores, 129 of which are in Africa outside of South Africa.[16] In 2007 ninety-one additional stores are planned in Africa and Shoprite has set a goal of attaining 50% of earnings from outside of South Africa in the medium term. Shoprite was the first South African supermarket chain to make large inroads into other African nations and is the largest supermarket chain in Africa. For the financial year ending June 2006 revenue was R 33.5 billion ($4.8 billion), 80.8% of which was generated by the three chains Shoprite, Checkers, and Usave which are the focus of this report. Shoprite and Usave cater primarily to the lower to middle income segment, while Checkers caters to the middle and upper-income segments.

Fruit and Vegetables—Freshmark

Freshmark, a wholly owned subsidiary of Shoprite, is the sole distributor of fresh fruits and vegetables to Shoprite stores. In South Africa six distribution centers (DC) supply approximately 600 stores in South Africa and 90 stores in Southern Africa. The new state-of-the-art Centurion DC combines fresh F&V, dry goods, and consumer goods into one facility. Nearly 250 stores in South Africa and 40 outside South Africa are supplied from this single DC in Centurion.

Freshmark has a preferred supplier scheme with approximately 700 medium-to-large scale farmers who supply roughly 85% of Freshmark's fresh produce, the remaining 15% coming from municipal markets. Freshmark provides guidance to the farmers in order to ensure the produce meets specific product specifications and private standards set by Shoprite, which are above South African Government standards.[17] In some instances Freshmark plans directly with farmers one or two seasons ahead in order to ensure proper product quantity, quality, and the timeliness of delivery.

Despite the non-contractual basis of this arrangement, the Shoprite-farmer relationship is very reliable, with nearly no instances over the past several years of either party shirking their responsibilities--supplies are made on-time and Shoprite always promptly pays the producer. Suppliers are required to pack the produce according to Shoprite specifications and ship the product in private trucks to the Freshmark facility. Freshmark sees the advantage of current procurement practices because they can literally go to the farmer and buy the whole crop, getting low prices due to bargaining power and cutting down on overhead by dealing in large volumes. Significant benefits can be derived by both buyers and sellers from long-term partnerships along supply chains, particularly in satisfying non-price demands.[18]

Anatomy of the Distribution Center

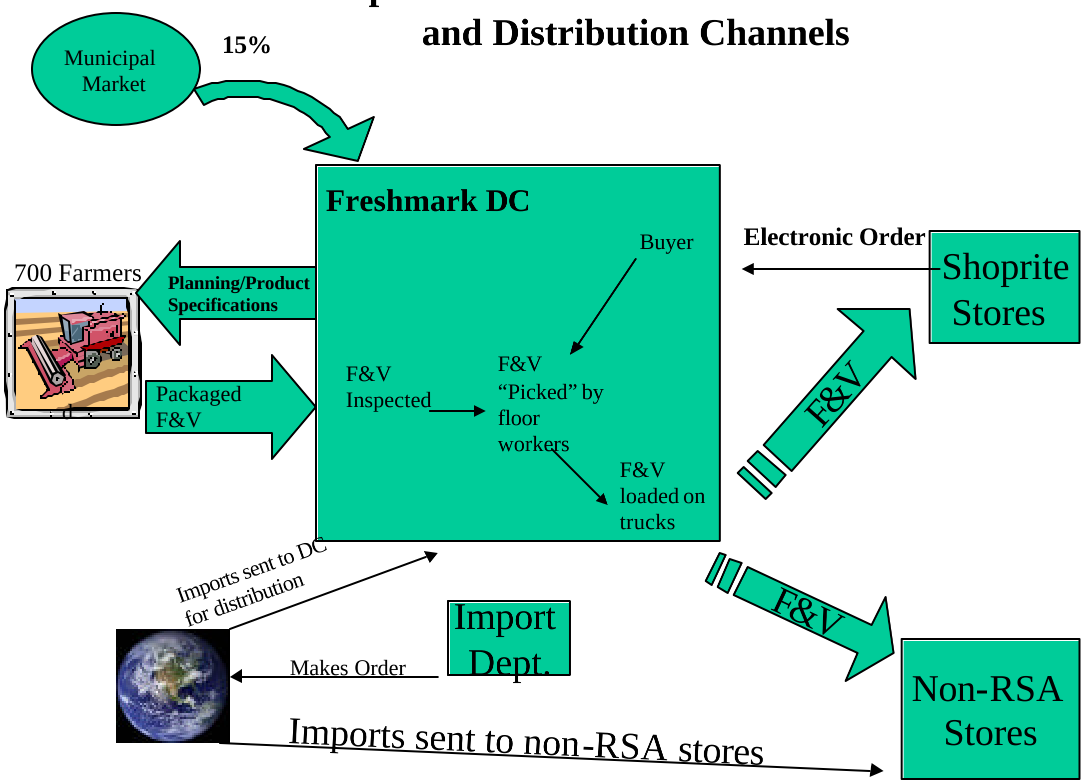
Eighty-five percent of the fresh produce arrives at the DC packaged. It is then inspected to ensure it meets the quality standards outlined by Shoprite. There is a packaging facility at the Freshmark DC that packages produce procured through municipal markets such as Tshwane Market in Pretoria.

---

[15] Shoprite Holdings include: Shoprite, Checkers, Usave, Ok Furniture, OK Power, House and Home, Hungry Lion, OK Minimark, OK Foods, OK Grocer, Sentra, Megasave, Value Stores.
[16] Shoprite operates in Angola, Botswana, Ghana, India, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe
[17] Farmers in RSA and Namibia must be EUREPGAP certified
[18] Weatherspoon et al. Supermarket Procurement Practices in Developing Countries: Redefining the Roles of the Public and Private Sector.

Each week the Freshmark DC produces a product line outlining available produce from which supermarkets can choose. As the individual store's stocks run low they order with the DC from the available product line. In-house produce buyers (six at the Centurion DC), who

Shoprite/Freshmark Fresh F&V Procurement and Distribution Channels



each cover about fifty products lines on a daily basis, handle the orders from the supermarkets. The buyers then convey to the DC floor workers in the form of a "picking slip" what produce the supermarket demands. The floor workers then "pick" the produce from the cold-rooms, place them together on crates, and put the produce on Shoprite owned trucks. The entire ordering and supply process can be performed within twenty-four hours, with daily delivery to nearby stores and every-other-day delivery to more distant stores.

Imports of F&V

Until last year, Freshmark sourced all imports from third-party importers. However, in 2006 they established a new import department, which searches world markets for F&V import opportunities. Produce from abroad can be profitable to import when Freshmark is able to fill up a container with out-of-season main produce lines. Otherwise, if the amount of produce required is small they go through third-party importers.

Given that South Africa is relatively self-sufficient in fresh fruit and vegetables there are a wide range of products that do not need to be imported. Primarily, Shoprite imports out-of season produce from Spain, Italy, Israel, and Egypt. Currently, out-of-season apples are imported from Italy, citrus from Spain, Turkey, and Israel during the summer, kiwi from New Zealand and Italy, grapes from Spain, Israel, and Egypt from June to October, and garlic from China and Argentina.

Currently there are no products sourced from the United States. Freshmark is interested in importing Washington State apples, California grapes, and pears from the United States when they are out-of-season in South Africa. Despite their interest they are unable to import fresh produce from the United States due to phyto-sanitary issues and bureaucratic hurdles. Concerning the later point, it can take up to two years to apply for a permit to import a new product from a new country.[19] Apples cannot be imported to South Africa from the United States due to sanitary-phyto-sanitary (SPS) requirements South Africa uses to protect its growers. USDA is currently working to change these regulations.

There is almost no produce imported from other African countries except for a small amount of watermelons from Namibia and baby corn and beans flown in from Zambia. Phyto-sanitary issues and the fact that Southern Africa does not produce F&V that South Africa cannot already produce itself limit intra-African trade in F&V.

Non-RSA Stores

The first priority for Shoprite in other African countries is local procurement. Shoprite representatives indicated that they try to source as much F&V as possible locally, especially for highly perishable goods such as spinach and lettuce. Whereas farmers supplying Shoprite in South Africa and Namibia are held to strict EUREPGAP criteria, Shoprite is more flexible towards the less developed countries in the region demanding that they meet only basic hygiene standards.

If the F&V cannot be sourced locally it is supplied from South Africa, or Europe if the product line is out-of-season in South Africa. Due to environmental factors Mozambique, Botswana, Namibia, and Angola do not produce stone fruits, which necessitates their procurement from South Africa. Thus, in many cases the need to import from South Africa does not relate to quality or quantity concerns on the part of Shoprite, but rather due to the fact there are literally no suppliers of some produce lines in the country of operation.

Namibia

Namibia, where Shoprite operates 21 stores, provides a good example of the procurement process in countries outside of South Africa. Presently, fifty percent of Namibian produce is sourced locally with the other fifty percent coming from South Africa.[20] Similar to operations in South Africa, Freshmark has established a growing program with local farmers. Whatever F&V Namibian farmers are unable to produce locally due to climate or standards issues are sourced directly from South Africa, such as stoned fruits.

Shoprite has a DC in Windhoek and a depot in Swakopmund. Individual Shoprite stores place orders with the Namibian DC, which in turns sources everything from the Western Cape or Guateng distribution centers. The Namibian DCs order from their South African counterparts because they can order large quantities and be assured of consistent supply.

The biggest problem facing F&V procurement and distribution in Namibia is keeping the produce fresh through the long distances involved and the desert heat. From the time the farmer in South Africa picks the F&V to the time it arrives at the supermarket in Namibia takes approximately five days.

[19] FAS Shoprite Industry Contact
[20] Namibian law states at least 17% of F&V must be sourced from Namibia.

Angola

Shoprite moved into the Angolan market in 2003 and currently operates four stores in the country with plans to expand in the future. Nearly 99% of fresh F&V are supplied from South Africa. Long lasting and heavy produce such as potatoes are supplied by ship every ten days. By contrast, smaller high-value products such as mushrooms are sent by airfreight weekly. On the dry foods side, in addition to being supplied from South Africa, a large proportion of products are sourced from Portugal and Brazil due to government regulations that require processed food products to have a Portuguese label.

Dry Foods

Shoprite stores are supplied with dry food products through two channels—the producer and the DC. For many products produced domestically Shoprite places orders directly with the local producer who then must organize transport and delivery to the Shoprite store.[21] Due to Shoprite's weight in the retail industry this allows them to push costs down on the supplier. Since orders for an individual store may not be large for many product lines, producers often use a distributor that collects other goods for delivery and then transports the goods to the backdoor of the store. For example, Shoprite places orders with Tiger Brands, a large South African processed foods producer, that in turn uses a third party distributor, transporter, or consolidator to transport their products to Shoprite stores directly.

On the import side Shoprite rarely uses third party importers. Similar to Freshmark, imports are sourced in-house in order to cut down on costs. Shoprite makes use of its own DCs to store and distribute imported food items to stores. The primary suppliers are Europe, the Middle East, South America, and Asia. Currently, Shoprite does not import from the United States due to high costs compared to other suppliers. Two years ago Shoprite was interested in importing U.S. chicken, however, anti-dumping measures have effectively closed this market despite Shoprite's lobbying efforts with the Government of South Africa to open up the market.

As for stores outside of South Africa, Shoprite has a policy of sourcing as much locally as possible.[22] However, due to un-competitiveness or lack of products in the African countries in which Shoprite operates, the majority of products are sourced from DCs in South Africa. There is however slight variation in supply channels across countries. In a country like Mozambique, the Shoprite store orders through an agent or South African producer that provides the transport of the product from South Africa to the store in Mozambique.

[21] Note that many producers carry several product lines, which they can simultaneously supply to any one store.
[22] FAS Shoprite industry contact

Section VI. SPAR

SPAR is a Netherlands based supermarket chain with over 799 stores in South Africa—145 Superspar, 476 SPAR, and 176 Kwikspar in addition to 23 stores in Namibia and 24 stores in Botswana. The SPAR Group Limited, which also includes 221 Build It and 216 TOPS stores, had total revenue of R 17 billion ($2.4 billion) for the year ended September 30, 2006.

SPAR South Africa operates under a licensing agreement with the parent company and has been operating in South Africa since 1963. SPAR has developed in South Africa under a "voluntary trading system," as opposed to a franchise arrangement governed by strict contracts, whereby individual stores rely in SPAR's headquarters for expertise, advice, and marketing, but are allowed some flexibility in procurement and daily operations. In the words of one SPAR marketing manager the "stores have more autonomy, but follow SPAR's leadership."

Distribution

SPAR has six distribution centers in South Africa covering six regions as shown in Figure 3. Each regional distribution center is responsible for supplying SPAR stores in their region, but are quite autonomous from headquarters, and from each other. SPAR stores are not required to buy from their regional SPAR distribution center. However, many stores prefer to do so due to the marketing and procurement advantages to be gained by dealing with the SPAR DC, such as its ability to bargain collectively with large food producers.

Figure 3

In addition to sourcing from the DC, SPAR stores can procure dry goods two other ways. The individual SPAR retailer may deal with a producer directly, negotiating price, quality, quantity, and terms. This allows the retailer flexibility to provide products that may be particular to its customer base, but is not a general phenomenon over the whole region supplied by the DC. An example of this might be the procurement of Halaal or Kosher foods for Muslim and Jewish communities, respectively. Another reason stores may prefer sourcing directly from producers is that producers may offer lower prices to individual stores in order to avoid fees associated with going through the distribution center, resulting in higher profit margins for both the store and producer.

The third way retailers procure goods is through a three-way arrangement between the DC, producer, and retailer. In this arrangement the retailer will order straight from a number of SPAR recommended producers, which then deliver straight to the supermarket. Throughout the whole process the SPAR DC holds the books, paying the producer while receiving payment from the SPAR store. For example, eggs are currently supplied in the Northern Transvaal region in such a manner. The SPAR North Rand DC has six recommended egg suppliers that deliver to the retail stores after receiving an order from an individual store. The egg producers receive payment from SPAR North Rand DC, which is in turn paid by the SPAR store.

SPAR has an in-house brand that covers approximately 980 product lines, with total sales of R 2.2 billion ($314 million), or 13% of 2006 total revenue.[23] The house brand management team finds suitable suppliers that can produce SPAR house brand products to predetermined quality, quantity, and packaging specifications. Although SPAR sources its house brand from nearly 450 manufacturers they provide substantial input for each product, in some case helping farmers or requiring producers to use a particular type of seed. No U.S. manufacturers produce for SPAR house brands despite the fact SPAR house brand representatives attend the FMI trade show in Chicago every other year. SPAR representatives attend the fair primarily to gather ideas, but find U.S. products too expensive.

All SPAR house brands are distributed through the DC. However, the SPAR house brand is a distinct entity within SPAR that must negotiate with the DC about price and quantity. Thus, since it is the DC that will ultimately purchase the product, house brand management prefers to get DC buy-in on any product line before any contract is signed with the manufacturer.

F&V

As with dry foods, procurement of F&V is decentralized, allowing SPAR retailers some autonomy in their procurement decisions. Retail stores can either source F&V from the regional DC, or as is often the case with stores in outlying areas or in Namibia and Botswana, procure directly from local farmers, marketing agents, and municipal markets on an informal basis, depending on product line.

At the regional DCs, SPAR has a preferred supplier scheme with producers using formal contracts. At the North Rand DC in Johannesburg there are between 20-30 suppliers, some covering multiple F&V product lines that supply the DC. SPAR sets predetermined specifications for product quality and packaging with the supplier. Nearly all F&V lines entering the DC arrive pre-packaged under SPAR's in-house brand Freshline. All produce that is perishable within a week is in-and-out of the DC within 24 hours, a process known as cross-stocking.

Another avenue by which retailers source produce is through local municipal markets, such as Tshwane Market in Pretoria. One Superspar visited in Pretoria sourced over 50% of its F&V from the Tshwane municipal market and packaged the produce in the basement of the supermarket. This procurement practice varies considerably with the other three supermarket chains examined in this report, which tend to source zero to ten percent of their produce from municipal markets, and then only at the DC level.

Lastly, F&V are sourced directly by the individual retailers from local farmers who transport their product to the individual SPAR stores. It is difficult to determine what percentage of

[23] FAS SPAR Industry Contact

F&V is sourced directly from local producers. The Superspar we visited, for example, estimated ten percent of F&V is sourced from local farmers, whereas the North Rand DC put the figure as high as 90% for SPAR stores in outlying areas. Thus, the factors determining the amount of produce sourced directly from local farmers is probably related to a number of factors including distance from DC, availability of local F&V of sufficient quality and quantity, municipal markets, the targeted customer profile, and the size of the SPAR.

Non-RSA Stores

The North Rand DC supplies the 23 Namibian and 24 stores in Botswana with dry goods on average twice per week using third party transport. SPAR has in country clearing agents and someone in the North Rand DC working fulltime to ensure the shipments pass freely through the border. Because SPAR stores operate on a voluntary trading basis they also source a large portion of dry foods locally, or through multi-nationals operating in Namibia and Botswana. Concerning SPAR's in-house brand, Botswana and Namibia recently erected protectionist trade barriers on a number of food items entering from South Africa such as pasta, maize meal, and powdered milk. As a result SPAR recently made a deal with local manufacturers to produce SPAR brands in-country.[24]

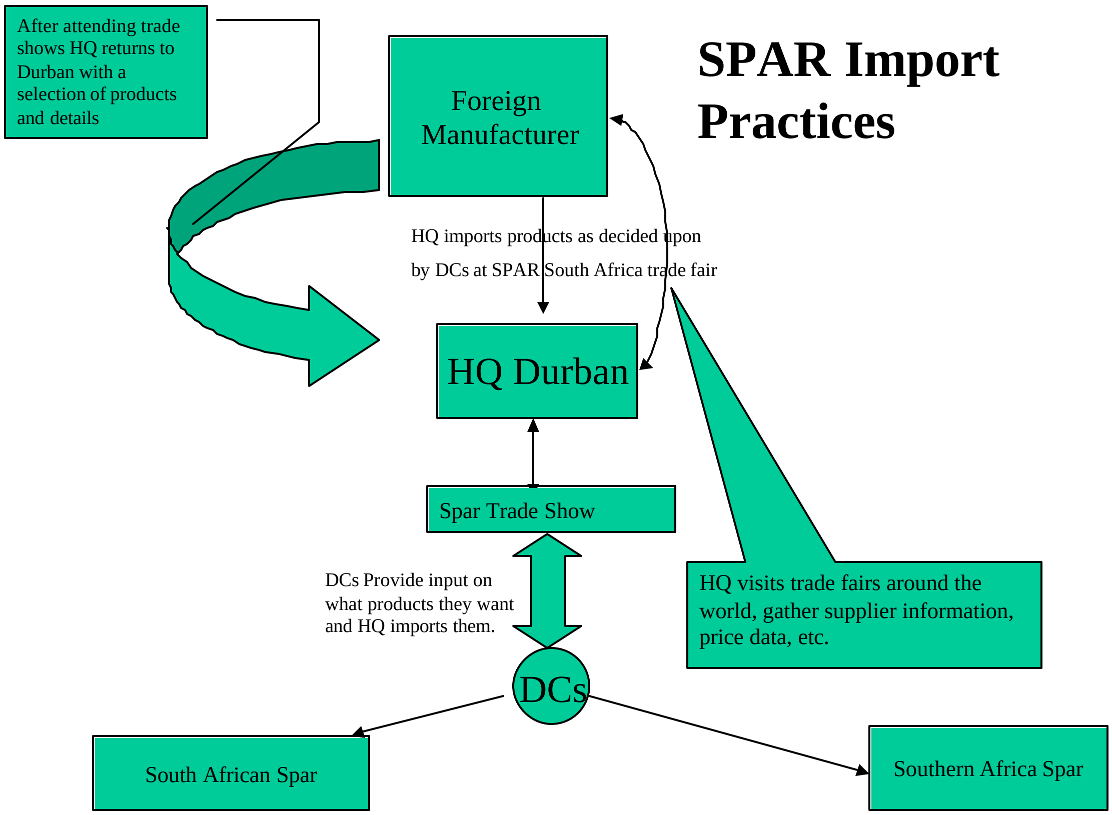
Only a few stores receive Freshline, SPAR's in-house fruit and vegetable line. The majority of stores in Botswana source their produce from the Johannesburg municipal market using third party transport or from local suppliers. Namibian stores source from local suppliers or from the SPAR Cape Town DC.

Imports

Most importing is done through the head office in Durban. Due to high costs and perishability of fresh produce, SPAR does not import produce. Most imports are non-food items, although imports of confectionaries (i.e. Swiss Chocolate) are popular. The head office does not import any food products from the United States nor have they for several years.

Throughout the year SPAR marketing representatives visit trade shows around the world looking for products they can take back to South Africa to present at a special SPAR trade show for franchise owners and DCs that is held twice per year. At the SPAR trade show the regional DCs pick from a range of products that they feel would sell well in SPAR supermarkets after receiving market information by headquarters about the product and potential profit margins. The DCs decide which products they will buy and headquarters then imports the products using a clearinghouse or importer. In this way, SPAR headquarters can be thought of as an in-house middle-man between the DCs the world market. The second way imports reach the stores is by the DC or the Spar store procuring a product through a local importer or local producer that also carries imported products.

[24] FAS SPAR Industry Contact

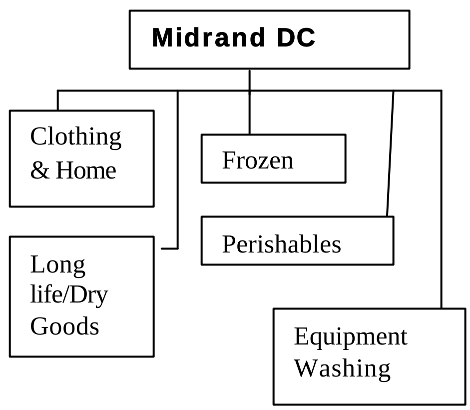

SPAR Import Practices
After attending trade shows HQ returns to Durban with a selection of products and details
Foreign Manufacturer
HQ imports products as decided upon by DCs at SPAR South Africa trade fair
HQ Durban
Spar Trade Show
HQ visits trade fairs around the world, gather supplier information, price data, etc.
DCs Provide input on what products they want and HQ imports them.
DCs
South African Spar
Southern Africa Spar

Section VII. Woolworths

Woolworths has over 300 stores in South Africa and several franchise stores in Africa, including twelve in Botswana. There are five Woolworths store formats: food stand alone stores, corporate stores with clothing and apparel sections, foods micro stores in rural areas, franchise stores, and forecourt stores. For the fiscal year ending June 30, 2006 Woolworths' revenue was R 15.1 billion ($2.2 billion), of which R 6.9 billion ($1 billion) was from food sales. Over the past five years Woolworths has experienced 22 percent annual growth in turnover from its food operations. Woolworths envisions growth in its market segment in the future and plans to build 130 new stores over the next five years.

Woolworths caters primarily to the upper end of the South African market, but also attracts some customers from the middle-income group. Woolworths prides itself on quality and what it terms "the good food journey"—healthy food acquired and produced in environmentally and socially responsible ways. Woolworths makes their concern for health and quality visible on the store floor by placing chilled and frozen food items on the shelves marked "This product is not for sale, for freshness monitoring only"—the only supermarket chain to do so. In addition, as part of the "good food journey" Woolworths has gone "natural," by eliminating products from its shelves containing MSG, hormones, and reducing unnecessary food additives. Importantly, Woolworths labels food containing GM products, although there are no such government regulations in South Africa.

Woolworths has distribution centers in Cape Town, Durban, and a new amalgamated facility in Midrand, Guateng. The distribution centers are in-house owned businesses managed by Woolworths on a subsidiary basis.
As shown in the figure to the right, the new Midrand facility combines Clothing and Home, long-life/dry goods, frozen foods, perishables, and the washing of equipment used for distribution. The Midrand DC supplies 135 Woolworths stores and 80% of Kwa-Zulu Natal's perishable goods on a daily basis.



Orders are automatically registered at the point of sale causing an order to be placed with Woolworths' head office in Cape Town. The head office then orders directly from the supplier and the supplier delivers to the DC. Woolworth's cold chain product lines (salads, fruit, vegetables, poultry, milk, and cheese) are sourced from approximately 135 suppliers, some of which supply multiple product lines. Suppliers of fruits and vegetables are given growing plans one year in advance outlining quantity, quality, and the time the produce will be required. The producers supply the product prepackaged according to Woolworths' specifications or cut, weighed, priced, and packaged in the case of Woolworths' ready-to-eat product lines.

For all perishable items Woolworths has a policy of in-and-out distribution, getting the product out in less than one day. On-time delivery and freshness are important principles for Woolworths business strategy, which manifests itself in the fact that a DC can make 175-210 deliveries per day using 57 vehicles with 96% of deliveries arriving on-time within a 15 minute delivery window.

Up until recently Woolworths only sold a limited range of dry foods that were marketed as Woolworths' house brand. Products like corn flakes or wine, for example were only marketed as Woolworths brand. However, recently they have begun to market non-Woolworths dry food products as well. It is expected that there will be 500 branded product lines outside of the Woolworths brand. This could open opportunities for some U.S. branded products.

Imports

Woolworths' head office sources products from across the world looking selectively for unique products that don't exist in South Africa. Woolworths defines imports as either sourced directly or indirectly. Direct sourcing involves buying a product straight from the manufacturer or through a vendor in the country from which Woolworths desires to import. Indirect importing involves Woolworths going through a locally based South African importer. It is estimated 10-11% of total sales are from imported products.[25]

From African countries Woolworths currently sources a limited range of seasonal F&V from Namibia, Zimbabwe, Swaziland, Zambia, and Tanzania. Current non-African imports include dried fruits and nuts, biscuits, tomato sauce from Canada, and turkeys from Brazil.

Woolworths does not import any products from the United States. One factor for not importing from the United States is that Woolworths does not know the market very well and has not found a viable source. A second factor is the perception that U.S. products are not priced right by the time it gets to the store. Woolworths indicated U.S. producers need to do a lot of work to market products and correlate that with Woolworths existing customer profile.

As mentioned before, Woolworths has been increasing its marketing of organics and "natural" products. However, South Africa does not have a comprehensive organic certification system and there are only approximately 300 organic producers in South Africa at the present. The United States by contrast has 8,500 organic certified farmers on four million acres under organic production.[26] Thus, there may be an opportunity to link U.S. producers of processed organic foods and natural products directly with Woolworths in order to capitalize on this growing market niche.

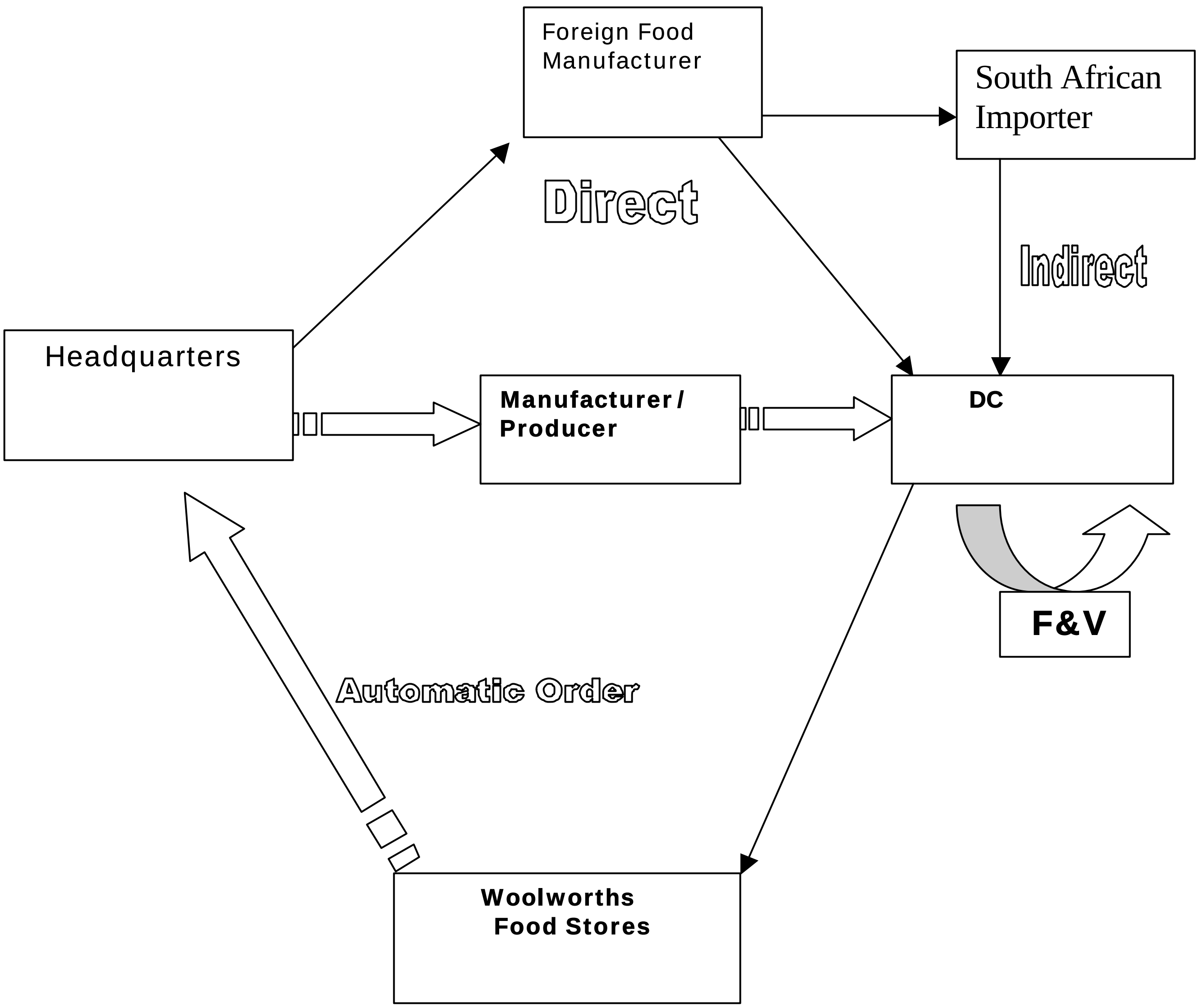
Non-RSA stores

Woolworths has twelve stores in Botswana, two in Lesotho, one in Mozambique, four in Namibia, two in Zimbabwe, and two in Swaziland all operating as franchises. Woolworths has halted the expansion of its franchising operations outside of South Africa due to concerns relating to business practices in some non-South African stores that run counter to Woolworths' business model and values.

The stores currently operating in Southern Africa are supplied daily with dry goods and fresh F&V. As is typical with all supermarket chains, Woolworths experiences a lot of hassle with products crossing borders in the region. Woolworths cited the difficulty of getting dairy or meat into Botswana as an example. In order to facilitate the crossing of borders Woolworths typically takes a sample of each product they plan to ship across a border and either send it ahead for inspection, or check the product at the DC and provide necessary documentation in advance so that the load can clear as quickly as possible at the border post.

[25] FAS Woolworths Contact
[26] USDA Economic Research Service. <http://www.ers.usda.gov/Data/Organic/#statedata>

Woolworths Distribution and Procurement



Section VIII. Conclusion

The growth in the South African supermarket sector over the past decade and a half and its potential for further growth in the future make it of great significance to U.S. food producers looking to supply the African market. The consolidation of the grocery retail sector around the four main supermarket chains examined in this report, with combined market share of 65%, make them primary markets for U.S. food exporters looking at South Africa. Moreover, the modernization of supermarket supply chains around distribution centers means U.S. suppliers can connect to the South African consumer market by dealing directly with supermarket chains' procurement and distribution networks. This consolidation can reduce transaction and information costs for both South African supermarket chains and U.S. food exporters.

Despite the opportunity that exists for U.S. food exporters there has been a lack of presence of U.S. food products on the market in South African supermarkets. Of course there are the obvious challenges facing trade in food items between the two countries such as distance and price, but these two factors do not tell the whole story. European food producers currently have a much larger presence in South Africa than does the United States, despite distance and price. One reason for this is that South Africa has a strong European connection with traditional trading partners like the United Kingdom, the Netherlands, Germany, and Italy.

A real weakness of U.S. food products is that they are relatively unknown to South African consumers, and importantly, the supermarket chains themselves. There remains an understandable reluctance of supermarkets to put foreign goods on the shelf that are not assured will sell in a market with different eating habits. Since supermarket chains don't understand or know the large, often daunting U.S. market well, U.S. food suppliers must strive to understand the South African market while concomitantly working to inform supermarket chains of available food items that might be of interest. The fact that after price considerations, most of the management in all four of the supermarket chains interviewed for this report cited an unfamiliarity with the U.S. market as a primary reason for the near zero presence of U.S. food products on supermarket shelves signals a weakness in this regard, and a corresponding opportunity to rectify it.

In 2006, over $55 million of consumer oriented agricultural products were exported to South Africa from the United States. A large majority of the consumer oriented food products exported to South Africa are used as intermediate input products for South African food and beverage manufacturers. Thus, U.S. agricultural exports may be found in products in the supermarkets, but often only as ingredients. In addition, some South African manufacturers may import U.S. food products and repackage them as their own. However, the extent to which this is done is not well known.

The U.S. has the potential to supply unique products and brand names that are not available in South African markets. In contrast to the United States, where supermarkets have dozens of product lines for many food items, South African supermarkets tend to have a more limited selection, and this is a market gap U.S. producers may be able to fill. U.S. food products could enter supermarket chains on a continuing basis, or as one Woolworth's DC manager put it, "as the flavor of the month."[27] Organics, for example, is one area where the supermarkets targeting the upper-income segment of South Africa see potential, whether processed or fresh.

Other food items that show potential for U.S. exporters are turkey, food preparations, sauces, herbal tea, cheese, and spices. Edible nuts, notably almonds where the U.S. has 80-90% market share, will continue to be a market for U.S. food products. Shellfish and fish, particularly canned salmon, are other areas of potential for U.S. products. Although there are currently anti-dumping duties on U.S. chicken, USDA is working to have these removed at which point chicken exports will grow.

U.S. fruit and vegetable producers will continue to experience difficulties supplying the South African market via supermarket chains due to uncompetitive pricing, distance, and SPS constraints. Total U.S. exports of fresh fruit and vegetables to South Africa totaled only $105,000 in 2006. Since the seasons in South Africa and the U.S. are inversed there may be a limited opportunity to supply out-of-season fruits and vegetables, but distance and price will certainly remain challenges. However, the U.S. and South Africa are currently in negotiations over import restrictions on apples, which could open up the market for Washington State apples demanded by the supermarket chains. Finally, processed fruit and vegetables remain a potential opportunity with approximately $4.1 exported to South Africa in 2006.

SWOT Analysis of South African Supermarket Chains as a Market for U.S. Food Exporters

Strengths	**Weaknesses**
Many product lines not available in RSA Uniqueness of some U.S. product lines Diversity of U.S. products	U.S. goods expensive in Rand terms Unfamiliarity with U.S. products
Opportunities	**Threats**
Niche markets-organics Marketing of products/development of brand loyalty. Direct supply of supermarkets via DC Growing upper and middle-class Break open new market for product lines not available in RSA	European and Far East competition Large fluctuations in Rand-Dollar exchange rate Protectionism-SPS restrictions

[27] "Flavor of the month" items include cranberries around the holiday season and short-term trends in the food market.

Challenges	Opportunities
• South Africans are unfamiliar with U.S. products • Weak brand loyalty • South Africans are price sensitive • Supplying fresh and processed fruit and vegetables • South Africa already strong food producer	• Marketing of U.S. products with South African supermarket chains • Direct supply of supermarket chains via headquarters and DCs • Organics, out of season product lines • Niche products, unique product lines, seafood

Products South African Supermarkets may be interested in Importing

- Out of season stone fruits
- Seafood
  - -Canned Salmon
- Organics
- Niche products
- Branded Products
- Apples*
- Tree nuts
  - -Almond
- Chicken*
- Turkey
- Out of season grapes
- Confectionaries
- Sauces
- Fruit and vegetable preparations
- Products not currently available or known about in South Africa

*Indicates products currently facing import restrictions.